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Calero Suggests Funds Paid for Contra Weapons

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Adolfo Calero, a top leader of the contra rebels fighting Nicaragua's Sandinista government, indicated yesterday that the secret operation that flew weapons to his troops in Nicaragua could have been financed by profits from clandestine U.S. arms shipments to Iran.

New evidence also emerged yesterday suggesting that Richard V. Secord, a retired Air Force major general who once served in Iran and later was a top Pentagon official for the Middle East, played a key role in guiding the secret contra air-resupply operation.

Calero said the contras received "services," including the air resupply operation, from several unnamed donors, and the resupply operation was the only one large enough to have cost millions of dollars. He, however, said, "We don't know how much [the resupply operations] cost or who organized or paid for them."

Another contra official said yesterday that the profits from the Iranian arms deals provided the most plausible explanation of the source of funds for the contra air resupply network, which had been used to fly arms to rebels in and near Nicaragua. The comments by Calero and the other contra official, who asked not to be identified, were part of an effort by rebel leaders to support their position that the profits from the secret arms deal did not go directly to the contras, but may have gone into efforts by others to assist them.

Members of the resupply network were told that it was financed with money "from foreign sources," but they did not know who provided the funds, according to one former member of the operation.

The resupply network, which involved former Central Intelligence Agency operatives—including one with ties to the office of Vice President Bush—was exposed last month when one of its cargo planes was shot down over Nicaragua. Three crew members on the plane were killed and an American, Eugene Hasenfus, was captured, tried in a Nicaraguan court and given a 30-year jail term. Hasenfus said he believed the CIA was involved in the operation.

Two participants in the resupply network, who asked not to be identified, said yesterday that Robert C. Dutton, a retired Air Force colonel who now is an official with a suburban Virginia company partly owned by Secord, was a central figure in overseeing the mission and was frequently consulted by telephone on payroll, supply and other organization matters.

On Tuesday, Attorney General Edwin Meese III disclosed that $10 million to $30 million in profits from weapons shipped to Israel and sold to Iran were deposited in Swiss bank accounts and "made available to the forces in Central America which are opposed to the [Nicaraguan] Sandinista government there." Meese customarily refers to the contras as "freedom fighters" or "resistance forces," and State Department officials suggested that he may have been purposely ambiguous by using the different phrase.

These officials also said that they were "not ruling out the possibility" that the Iranian arms sales financed the contra resupply operation. Calero, while not stating directly that the arms sales helped finance the resupply effort, also did not rule it out.

Calero, who has been the rebels' chief fund-raiser, also repeated that the contras did not directly receive any of the Iranian arms sale money and flatly denied that he drew funds from any Swiss bank account or that he even held such an account.

"These revelations were unloaded on us all of a sudden," said Calero, leader of the largest rebel alliance, the United Nicaraguan Opposition (UNO). "We have been like innocent bystanders at a car accident."

A State Department official noted yesterday that Calero "has always said he received the goods [from the resupply effort] but did not handle the procurement. Look for Secord as an intermediary in this."

Telephone records from El Salvador show that several calls were placed to Secord's home and business in Northern Virginia last summer from a "safe house" tied to the resupply operation.

Secord has acknowledged that he sold one small airplane last year to the contras. He has been quoted as saying he occasionally advised the contras on "how they ought to design their efforts . . . . But I'm not commanding the contra air force. If I were I would be down there."

Secord, in an interview in this week's Newsweek, suggested he may have also had an advisory role in the secret Iranian arms shipments. Newsweek quoted Secord as denying that he actually shipped arms to Iran, but "if you asked me, was I an adviser on arms imports to Iran, that's another matter. I can't talk about that."

Secord, who headed the Air Force military mission to Iran from 1975 to 1978 and was deputy director of a planned but unexecuted 1980 mission to rescue American hostages in Iran, also has been linked to Marine Lt. Col. Oliver L. North, the National Security Council (NSC) aide fired Tuesday for his involvement in the diversion of profits from Iranian arms sales to help the contras. North also served as a chief liaison between the Reagan administration and the contras, particularly during the last two years when U.S. military aid to the rebels was prohibited.

North and Secord had dealings with each other in 1981 when both assisted the Reagan administration in lobbying for the controversial sale of Airborne Warning and Control System (AWACS) planes to Saudi Arabia. Secord in 1981 was deputy assistant secretary of defense for the Middle East. North, who joined the NSC in August 1981, worked on the AWACS effort shortly after he joined the NSC staff, according to a former NSC staff member.

Calero has called North "a good American, a patriot" and has said he knows Secord.

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Earlier published reports had suggested that Secord may have helped arrange Saudi Arabian money for the air resupply effort—an allegation denied by both Secord and the Saudis.

Secord is a partner in Stanford Technology Trading Group International Inc., a Northern Virginia company. Another partner in the firm is an Iranian businessman.

A secretary at Stanford Technology yesterday said that the firm's staff director was Dutton—the person said to have helped coordinate the contra resupply operation.

Dutton declined comment yesterday when he was reached by phone at Stanford Technology's offices.

Dutton made at least two trips to El Salvador to meet with members of the resupply operation and first showed up sometime last spring, according to one former participant.

"Dutton came down one day and . . . he was operationally in charge of us after we started up," the former participant said. Dutton did not mention that he worked for Stanford Technology, but members of the resupply operation learned that after they reached him by phone at the firm's offices, the source said.

Dutton took over helping to oversee the operation from another American and assured the crew members that what they were doing was legal, the source said.

The former participant said that Dutton was careful not to mention who he worked for. "The guy talked in circles and euphemisms. He was pretty good at not mentioning names . . . . He always talked about the boss or the people above me . . . [but] we all knew he worked directly for Secord."

The source said that William J. Cooper, the pilot of the downed cargo plane, was the day-to-day manager of the operation in El Salvador. Cooper, who died when the cargo plane was shot down over Nicaragua, reported to Dutton, the source said.

At first, the source said, Cooper was coy about who was above Dutton and mentioned only that a "two-star" general was involved. However, later Cooper mentioned Secord by name and showed members of the operation a a recent book that cited Secord's involvement with former CIA contract employe Edwin P. Wilson.

The former participants and contra officials said that while the resupply operation cost millions of dollars they doubted that it received as much as $10 million, the low figure Meese cited as being diverted to the contra effort. Former participants have said the resupply operation was chronically short of funds for fuel, equipment and payrolls.

In an interview yesterday, Elliott Abrams, assistant secretary of state for inter-American affairs, said he had no knowledge of funds from Iran being diverted to the contra effort. "Everything I know through intelligence channels is and has always been available to the [House and Senate] intelligence committees," Abrams said, "but what I know and they know does not tell you where the funding was coming from."

"I do know that in the spring and summer after the $27 million [in nonlethal aid approved by Congress] ran out, the contras had no money," Abrams said.

The resupply operation, which was run out of a Salvadoran military air base, cost well over $2 million between last February and Oct. 5, when the cargo plane was downed, according to information supplied by former participants.

The operation had at least five planes that alone were worth more than $1 million, including two C123K cargo planes that each cost an estimated $250,000 apiece, according to one former participant. The source said that monthly operational costs ran about $100,000 for such expenses as plane maintenance and fuel, salaries of the 14 or so pilots and crew members, and rent on up to four houses used at various times in San Salvador.

Hasenfus said he was paid $3,000 a month, and other participants said they were paid at a similar rate.

Records from Hasenfus' bank account showed that his salary was paid in the name of a Pennsylvania company called Corporate Air Services Inc.

Another former participant said that Corporate Air Services simply acted as a conduit to get money to the crew members, but was not the ultimate source of the funds.

Staff writers Joanne Omang and Charles R. Babcock contributed to this report.

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